



Chile Allowed to Export Poultry and Poultry Products to the U.S.

The Chile Free Trade Agreement (FTA) was approved by Congress in 2003 and entered into force on January 1, 2004. In a side letter at that time, the U.S. and Chile pledged to urge their specialized agencies to implement technical and scientific work dedicated to achieving market access to make the bilateral trade of poultry products of mutual benefit for both Parties.

On October 30, 2007 the U.S. Department of Agriculture's Food Safety and Inspection Service (FSIS) announced that the country of Chile will be allowed to export poultry and poultry products, processed in certified establishments within Chile, to the United States effective December 3, 2007.

FSIS has determined that Chile's laws, regulations and other materials showed that its poultry inspection system includes requirements equivalent to all provisions in the Poultry Products Inspection Act and its implementing regulations. FSIS, through annual on-site reviews, will verify that establishments certified by the government of Chile continue to meet all U.S. requirements.

In addition to relying on its initial determination of a country's eligibility and performing ongoing audits to ensure that products shipped to the U.S. are safe, wholesome and properly labeled and packaged, poultry and poultry products exported to the U.S. from Chile will be subject to FSIS re-inspection procedures at ports of entry for proper certification, labeling, transportation damage and general condition. Selected shipments will be subject to additional re-inspection procedures including examinations for product defects, laboratory analyses to detect harmful chemical residues, or pathogen testing appropriate for the product.

The proposed rule to allow the export of poultry and poultry products from Chile was published in February 2007 following a thorough evaluation of Chile's poultry inspection system, laws, regulations and on-site reviews that began in 1997 after Chile requested approval to export these products to the U.S.

In Annex 3.3 of the Chile FTA final text, poultry was scheduled to be free of duty starting in the third year of the agreement on a quantity of 8,000 metric tons and increasing annually to an unlimited quantity starting on the 10th year.

The tariff schedule of the U.S. ranges from a base of 8.8 cents per kilogram on whole poultry to 17.6 cents per kilogram on poultry cuts. Shell eggs have a base of 2.8 cents/dozen, liquid and frozen whole eggs, yolks and egg whites have a base of 9.7 cents per kilogram, and dried egg products are 47.6 cents per kilogram.

The tariff schedule of Chile on chicken and turkey cuts is 25%, while the base for other poultry items, shell eggs and egg products are basically 6%.

Source: U.S. Department of Agriculture, Food Safety and Inspection Service; Chile FTA text, http://www.ustr.gov/Trade_Agreements/Section_Index.html

Japan Poultry Situation

High broiler meat prices, caused in part by high feed prices, are forecast to continue in Japan through 2008. High international prices for broiler meat, combined with solid domestic consumption resulted in a tight market in Japan. For the first eight months in 2007, imports of generic cuts fell 19%. Imports from Brazil fell 18% and from the United States fell 29% compared to the same period a year ago. Imports of prepared broiler products were unchanged during this period. Imports from China increased 4%, but were offset by a drop of 5% from Brazil as well as fewer imports from other countries.

Furthermore, given weaker than anticipated fourth quarter domestic production (based on the slightly lower number of chicks placed on feed due to hot summer), the broiler supply in Japan, coupled with reduced imports, will likely become much tighter in the coming months. Ending stocks have been depleted fairly quickly. Japan's total broiler imports in 2007 are projected down by 6% from last year to 675,000 MT (generic meat: down by 7% to 345,000 MT, and cooked products: down by 4% to 330,000 MT). U.S. broiler meat, mainly bone-in leg, is also projected lower, down by 7% from a year earlier, to 25,000 MT.

Domestic broiler meat production is estimated at 1.235 million metric tons (MMT) in 2007 and forecast to drop to 1.225 MMT in 2008. Consumption is also expected to be lower in 2007 and 2008 when compared to 2006. Imports are estimated fall sharply in 2007 and recover slightly in 2008 due to lower domestic production. Broiler meat makes up about 90% of the Japanese poultry meat market, which includes both domestic production and imports.

Japan Broiler Meat Production, Supply and Demand in 1,000 metric tons

| | 2006 | 2007 e | 2008 f |
|-------------------|-------|--------|--------|
| Production | 1,227 | 1,235 | 1,225 |
| Imports | 716 | 675 | 680 |
| Human consumption | 1,939 | 1,925 | 1,913 |
| Ending stocks | 122 | 105 | 95 |

e – estimate, f – forecast Not official data.

Despite a sharp price increase of the Chinese cooked products since spring, Japanese imports kept up at roughly the same level as the previous year up until the third quarter. Imports are expected to slow significantly during the last quarter of 2007. An industry press source reports that reduced pork supplies and rising feed prices in China were the reasons for the substantial price hike. On the other hand, a series of food safety scandals has created negative perceptions of Chinese foods among Japan consumers and this is also a factor in lackluster demand, particularly at the retail level.

Japanese Imports of Total Broiler Including Prepared Products, JAN - AUG.

| Rank | Country | 2005 | 2006 | 2007 | % change - 07/06 - |
|------|-----------|---------|---------|---------|-----------------------|
| 0 | --World-- | 484,339 | 504,218 | 450,599 | -11% |
| 1 | Brazil | 251,770 | 254,317 | 208,417 | -18% |
| 2 | China | 111,561 | 129,203 | 133,904 | 4% |
| 3 | Thailand | 94,275 | 96,510 | 91,543 | -5% |
| 4 | U.S. | 18,799 | 19,704 | 13,837 | -30% |
| 5 | Others | 7,933 | 4,484 | 2,899 | -35% |

Japanese Imports of Broiler Meat, JAN - AUG

| Rank | Country | 2005 | 2006 | 2007 | % change - 07/06 - |
|------|-------------|---------|---------|---------|-----------------------|
| 0 | --World-- | 275,858 | 277,640 | 224,496 | -19% |
| 1 | Brazil | 248,884 | 253,810 | 208,205 | -18% |
| 2 | United | 18,550 | 19,392 | 13,679 | -29% |
| 3 | Philippines | 1,643 | 87 | 1,469 | 1590% |
| 4 | Others | 6,780 | 4,352 | 1,143 | -74% |

Japanese Imports of Prepared Broiler Products, JAN - AUG

| Rank | Country | 2005 | 2006 | 2007 | % change - 07/06 - |
|------|-----------|---------|---------|---------|-----------------------|
| 0 | --World-- | 208,481 | 226,577 | 226,103 | 0% |
| 1 | China | 110,752 | 128,888 | 133,729 | 4% |
| 2 | Thailand | 94,226 | 96,499 | 91,543 | -5% |
| 3 | Others | 3,503 | 1,191 | 832 | -30% |

Source of data: Japan Customs (World Trade Atlas)
Source: USDA Foreign Agricultural Service report;

INSPECTED EGG PRODUCTS-**U.S. & CANADA IMPORT/EXPORT TRADE****U.S. Exports to Canada, in Pounds (000) (Preliminary)**

| Type | 2007 | 2006 /1 | 2007 /2 | 2006 |
|--------|------|---------|---------|--------|
| Liquid | 49 | 304 | 3,225 | 10,277 |
| Frozen | 0 | 0 | 71 | 172 |
| Dried | 0 | 0 | 657 | 580 |
| Total | 49 | 304 | 3,953 | 11,029 |

U.S. Imports From Canada, in Pounds (000) (Preliminary)

| Type | 2007 | 2006 /1 | 2007 /2 | 2006 |
|--------|------|---------|---------|-------|
| Liquid | 239 | 321 | 13,561 | 3,874 |
| Frozen | 0 | 3 | 282 | 894 |
| Dried | 0 | 0 | 857 | 66 |
| Total | 239 | 324 | 14,700 | 4,834 |

Inspected Shell Eggs**U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

| Type | 2007 | 2006 /1 | 2007 /2 | 2006 |
|----------|--------|---------|---------|---------|
| Jumbo | 0 | 0 | 0 | 150 |
| Ex Large | 2,804 | 1,200 | 52,623 | 77,601 |
| Large | 4,907 | 4,780 | 82,842 | 151,254 |
| Medium | 1,215 | 1,260 | 54,929 | 75,912 |
| Ungraded | 20,160 | 7,200 | 165,852 | 209,858 |
| Misc | 0 | 0 | 7,849 | 6,975 |
| Total | 29,086 | 14,440 | 364,095 | 521,750 |

/1 Comparable Week, to-date figures may not total due to rounding.

/2 Includes revisions to previous week(s)

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Source: USDA AMS Poultry Programs, Market News & Analysis

U.S./Canadian Live Poultry Slaughtered Under Inspection

Week Ending November 03, 2007 (Preliminary)

U.S. fowl slaughtered domestically

| | Light Hens | Heavy Hens | Total Hens |
|------------------|---------------------|------------|------------|
| | -----Thousands----- | | |
| Head | 1,109 | 1,741 | 2,850 |
| Last Week | 1,050 | 1,608 | 2,658 |
| Same week yr ago | 975 | 1,562 | 2,537 |
| To-date/2007 | 48,533 | 64,799 | 113,332 |
| To-date/2006 | 47,785 | 65,582 | 113,367 |

U.S. fowl slaughtered in Canada

| | Light Hens | Heavy Hens | Total Hens |
|------------------|---------------------|------------|------------|
| | -----Thousands----- | | |
| Head | 276 | 0 | 276 |
| Last Week | 224 | 0 | 224 |
| Same week yr ago | 110 | 0 | 110 |
| To-date/2007 | 11,344 | 36 | 11,380 |
| To-date/2006 | 6,681 | 46 | 6,727 |

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Total U.S. fowl slaughtered in the U.S. and Canada

| | Light Hens | Heavy Hens | Total Hens |
|------------------|---------------------|------------|------------|
| | -----Thousands----- | | |
| Head | 1,385 | 1,741 | 3,126 |
| Last Week | 1,274 | 1,608 | 2,882 |
| Same week yr ago | 1,085 | 1,562 | 2,647 |
| To-date/2007 | 59,877 | 64,835 | 124,712 |
| To-date/2006 | 54,466 | 65,628 | 120,094 |

Source: USDA AMS Poultry Programs, Market News & Analysis Branch

On January 4, 2008 - The Central and Eastern Region MSC reports will be combined into the new National Mechanically Separated Chicken report and will no longer be available as a separate report. Until then, the new National MSC report will run concurrently and may be viewed at: <http://www.ams.usda.gov/poultry/mnscs/PDF%20Reports/MSC/msc.htm>

MECHANICALLY SEPARATED CHICKEN PRICES NEGOTIATED, FOB SHIPPER DOCK OR EQUIVALENT, IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

CENTRAL REGION

November 09, 2007

CHICKEN WITH SKIN ADDED

| | ---- PRICES ---- | | ---- VOLUME ---- | |
|-------------------|------------------|-------------|------------------|-----------|
| FAT CONTENT | FROZEN | FRESH | TOTAL | EXPORT |
| 15% OR LESS RANGE | - | 16.00 | 81,600 | - |
| WTD AVERAGE | | 16.00 | | |
| 15-20% RANGE | 15.50-20.00 | 11.00-16.00 | 4,395,600 | 2,788,000 |
| WTD AVERAGE | 16.75 | 12.53 | | |
| 20% OR MORE RANGE | - | - | - | - |
| WTD AVERAGE | | | | |

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

EASTERN REGION

November 09, 2007

CHICKEN WITH SKIN ADDED

| | ---- PRICES ---- | | ---- VOLUME ---- | |
|-------------------|------------------|-------------|------------------|-----------|
| FAT CONTENT | FROZEN | FRESH | TOTAL | EXPORT |
| 15% OR LESS RANGE | - | 15.00-16.00 | 534,000 | 52,000 |
| WTD AVERAGE | | 15.43 | | |
| 15-20% RANGE | 16.00-21.00 | 11.00-16.00 | 2,912,800 | 1,952,800 |
| WTD AVERAGE | 17.73 | 13.64 | | |
| 20% OR MORE RANGE | - 14.00 | | 120,000 | - |
| WTD AVERAGE | 14.00 | | | |

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 09 NOVEMBER 2007.

The market tone on bulk parts and meats was steady to weak. Demand was light to moderate. Offerings were uneven and ranged from adequate to ample. Trading remains seasonally slow to instances moderate. Retail features on fresh and frozen bone-in breast are active, with prices about steady on fresh but very strong on frozen.

| EXPORT TRADING | PRICE | L.S.T. | WTD AVG | VOLUME | WEEKLY | WEEKLY |
|----------------------------------|--------------|----------------|----------------|---------------|----------------|---------------|
| FRIDAY, NOVEMBER 09, 2007 | RANGE | CODE 1/ | PRICE | (000) | WTD AVG | VOLUME |
| DRUMSTICKS, TOMS | 60.00 | | 60.00 | 160 | 59.81 | 420 |
| WINGS FULL-CUT - TOMS | | W | 48.50 | 40 | 48.50 | 40 |
| WINGS, V-TYPE, TOM | | F | 56.69 | 676 | | |
| TAILS | | R | 27.50 | 40 | 27.50 | 40 |
| MECHANICALLY SEPARATED 2/ | 17.00 | | 17.00 | 324 | 17.00 | 444 |
| THIGH MEAT - FROZEN | 95.00 | | 95.00 | 40 | 95.09 | 132 |

| EXPORT TRADING | PRICE | L.S.T. | WTD AVG | VOLUME |
|------------------------------------|--------------|----------------|----------------|---------------|
| THURSDAY, NOVEMBER 08, 2007 | RANGE | CODE 1/ | PRICE | (000) |
| DRUMSTICKS, TOMS | | W | 60.00 | 208 |
| WINGS FULL-CUT - TOMS | | W | 48.50 | 40 |
| WINGS, V-TYPE, TOM | | F | 56.69 | 676 |
| TAILS | 27.50 | | 27.50 | 40 |
| MECHANICALLY SEPARATED 2/ | | W | 17.00 | 120 |
| THIGH MEAT - FROZEN | | W | 94.00 | 40 |

| EXPORT TRADING | PRICE | L.S.T. | WTD AVG | VOLUME |
|-------------------------------------|--------------|----------------|----------------|---------------|
| WEDNESDAY, NOVEMBER 07, 2007 | RANGE | CODE 1/ | PRICE | (000) |
| DRUMSTICKS, TOMS | 60.00 | | 60.00 | 208 |
| WINGS FULL-CUT - TOMS | 48.50 | | 48.50 | 40 |
| WINGS, V-TYPE, TOM | | F | 56.69 | 676 |
| TAILS | | F | 27.00 | 80 |
| MECHANICALLY SEPARATED 2/ | 17.00 | | 17.00 | 120 |
| THIGH MEAT - FROZEN | 94.00 | | 94.00 | 40 |

| EXPORT TRADING | PRICE | L.S.T. | WTD AVG | VOLUME |
|-----------------------------------|--------------|----------------|----------------|---------------|
| TUESDAY, NOVEMBER 06, 2007 | RANGE | CODE 1/ | PRICE | (000) |
| DRUMSTICKS, TOMS | 58.50 | | 58.50 | 52 |
| WINGS FULL-CUT - TOMS | | R | 48.50 | 80 |
| WINGS, V-TYPE, TOM | | F | 56.69 | 676 |
| TAILS | | F | 27.00 | 80 |
| MECHANICALLY SEPARATED 2/ | | F | 18.00 | 40 |
| THIGH MEAT - FROZEN | 96.00 | | 96.00 | 52 |

| EXPORT TRADING | PRICE | L.S.T. | WTD AVG | VOLUME |
|----------------------------------|--------------|----------------|----------------|---------------|
| MONDAY, NOVEMBER 05, 2007 | RANGE | CODE 1/ | PRICE | (000) |
| DRUMSTICKS, TOMS | | F | 57.00 | 312 |
| WINGS FULL-CUT - TOMS | | R | 48.50 | 80 |
| WINGS, V-TYPE, TOM | | F | 56.69 | 676 |
| TAILS | | F | 27.00 | 80 |
| MECHANICALLY SEPARATED 2/ | | F | 18.00 | 40 |
| THIGH MEAT - FROZEN | | | | |

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY
2/ Product contains 15/20% fat with skin added.